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ABSTRACT

Information on operating grants for Ontario universities in 1983-84 is presented. Indicators of public support for universities in Ontario and other Canadian provinces are compared, and indicators of government support for various public expenditures within Ontario, including universities, are examined. Both interprovincial and intraprovincial comparisons of publicly funded sectors in Ontario indicate that the Ontario government's financial support for universities has decreased dramatically over the past decade. Ontario ranked at the bottom for interprovincial comparisons. In determining university system requirements for 1983-84, increasing costs of goods and services purchased were identified as the source of the greatest pressure on the financial position of Ontario universities. It is recommended that as a minimum measure full provision for inflation on salaries be included in 1983-84 funding. Attention is also directed to funding requirements for such sectors as library acquisitions, equipment replacement, and building renovation and alteration. It is recommended that an annual provision of 1.5 percent per year of building replacement value be adopted as a minimum measure of the financial requirement for renovation and alteration for the next five years. Provisions are also made for the expected variation in enrollment, and an increase in university operating revenue of 16.8 percent for 1982-84 is recommended. The fiscal policies of the Ontario government, including the province's ability to generate revenue is assessed. A nonsalary price index and enrollment data and projections are appended. (SW)

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BRIEF TO THE

ONTARIO COUNCIL ON UNIVERSITY AFFAIRS

ONCE MORE, WITH FEELING

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Prepared by the

COU Committee on Operating Grants

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130 St. George Street
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March, 1982

82-3

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SUMMARY

As in previous years, the Council of Ontario Universities' operating grants brief to the Ontario Council on University Affairs begins by comparing the funding level for university operations in 1982-83, announced on 18 February by the Minister of Colleges and Universities, with the advice rendered by COU and OCUA last spring. This year the funding increase is also measured against the recommendations of the Report of the Committee on the Future Rôle of Universities in Ontario.

After adjustments to more accurately reflect real increases in costs and to compensate for the record-high enrolment in the fall of 1981, COU called for an increase in operating grants of 19.1%. OCUA's advice, similarly recalculated, implied an increase of 16.9%. The recommendation of the review committee, making no provision for enrolment increases, was for an increase of 15.8%. It is against these figures -- one of them provided by an agency and one by a committee of the provincial government -- that the announced increase of 12.2% must be judged.

This shortfall adds significantly to the cumulative shortfall in university funding in Ontario since OCUA's advice was last accepted by the Government in 1977-78. The shortfall now stands at $354.2 million or 27.1% of projected system revenue for 1982-83. It has found and will continue to find expression in reductions in staff complements in foregone salary increases to continuing staff, and in diminished library acquisitions, equipment replacement and physical plant renewal. Underfunding of this magnitude, over this time period, would be hard to justify by any model that had a healthy university sector as its

objective. The universities have unequivocally supported the recommendations of the review committee. It is against the background of the Government's unwillingness or inability to act on these recommendations that COU now outlines the funding requirements of Ontario universities in 1983-84 under the wry title "Once More, With Feeling".

The body of the COU brief opens with a consideration of Ontario universities as a public priority. Both interprovincial comparisons of university funding across Canada and intraprovincial comparisons of publicly funded sectors in Ontario indicate that the Ontario government's financial support for universities has decreased dramatically over the past decade. With Ontario ranked at the bottom according to the interprovincial comparisons and with university funding singularly deficient in comparison with that provided to schools and hospitals in Ontario, the Government's claim that the university sector has remained high in its priorities is no longer credible.

In determining university system requirements for 1983-84, COU has identified the increasing costs of goods and services purchased as the source of the greatest pressure on the financial position of Ontario universities. Since the compensation of academic and non-academic staff accounts for some 80% of total university spending, those puzzled by how universities have coped with years of severe underfunding have only to look to the compression of salary rates for the answer. That universities have managed as well as they have is a tribute to their staff. This erosion of salary scales will have serious consequences for the future: when starting salaries for university faculty differ little from those offered by the private sector to graduates at the bachelor's

level, universities will have increasing difficulty in recruiting competent staff. The operating grants brief recommends that as a minimum measure full provision for inflation on salaries be included in OCUA's funding advice for 1983-84.

The brief then goes on to consider funding requirements for such sectors as library acquisitions, equipment replacement, and building renovation and alteration. The last-named has not previously figured in COU's operating grants brief, but the government's indifference to assisting universities to maintain their physical plants necessitates a special consideration of the deteriorating situation in the context of this brief. COU recommends that an annual provision of 1.5% per year of building replacement value be adopted as a minimum measure of the financial requirement for renovation and alteration for the next five years. Present procedures for governmental approval of such renovation and alteration projects should also be altered to allow universities to adopt a multi-year planning approach.

The operating grants brief also makes provisions for the expected variation in enrolment. The data currently available suggest an increase in enrolment of 4.5% in 1982-83.

Consideration of these various factors has led COU to recommend an increase in university operating revenue of 16.8% for 1983-84. This level of funding would only protect the existing university enterprise from further erosion. No progress would be made toward redressing the cumulative financial deficiency created over the past five years.

The final portion of the brief considers the fiscal context of university underfunding. The analysis of the fiscal policies of the Ontario Government, including the province's ability to generate revenue, reveals that while the Ontario economy has the capacity to generate substantial additional revenue, the Government has chosen to provide less than adequate support for publicly funded sectors. In terms of accountability to the people of Ontario, the Government has the responsibility to inform citizens of the disadvantages as well as the advantages of its policy of fiscal restraint. It is too facile to champion restraint without admitting and facing the consequences. Among these consequences will be a university system much less accessible or of much lower quality, or both.

The operating grants brief closes with a restatement of the mission of Ontario universities in the creation, preservation and transmission of knowledge. This mission is fundamental to the well-being of the province as a whole. The universities accept that their mission will in part be conditioned by their immediate historical context. As an example, the brief shows how universities have adapted to meet heightened demand for access to programmes in commerce, engineering and computer science, demands which in turn rest on greater labour market demand. But the realities of Ontario government fiscal policies are making further adaptation increasingly difficult. The overwhelming need to protect the essential core undertaking of the universities has reduced to a minimum the ability to respond to fresh challenges. Yet, for the foreseeable future Canada and Ontario will need a university system that is highly responsive to national and provincial objectives. Today we have, in Ontario at least, a university system beginning to

atrophy after at least half a decade of funding at less than an adequate level. In its operating grants brief, the Council of Ontario Universities seeks to call the attention of the Government and the people of Ontario to this critical situation, and urges that the work of rebuilding begin at once.

1.0 INTRODUCTION

On 18 February, 1982, the Minister of Colleges and Universities announced a university funding level for 1982-83 of $1036.2 million. This represents an increase of $112.7 million or 12.2% over the 1981-82 funding level of $923.5 million. Tuition fees were also increased by 12.2%.

Following past practice, the COU operating grants brief for 1983-84 begins by comparing the announced funding level with the advice rendered by COU and OCUA last spring. Again following past practice, the advice of COU and OCUA is recast to take account of more recent evidence of enrolment and inflationary trends. This year, we also compare the Government's provision for universities with the recommendations contained in the Report of the Committee on the Future Rôle of Universities in Ontario (Fisher Committee).

COU and OCUA have agreed for some years now on the basic approach to be taken in estimating university expenditure requirements for a given year. In preparing their advice for 1982-83, COU and OCUA agreed in all but two respects. OCUA continues to marginally reduce (by -0.5%) its estimates to take account of its expectations of greater efficiency in the system. On the other hand, COU's provision for equipment replacement was more in line with the recommendations of the Fisher Committee than with those of OCUA. COU's recalculated advice, in total, generated a requirement for increased grant and fee revenue of 19.1%; OCUA's advice implied an increase of 16.9%. These figures compare with COU's original advice

of 16.8% (see COU's A Future of Lost Opportunities) and OCUA's 15.4% (OCUA Advisory Memorandum 81-II).

The report of the Fisher Committee recommended provision for inflation, for the costs of career progress and for equipment replacement. Taking a long term view, it did not take enrolment variation, either positive or negative, into account. Had the Government accepted the advice of the Fisher Committee, it would have afforded the universities of Ontario an increase in grant and fee revenue for 1982-83 of 15.8%. The Government's actual provision of 12.2% therefore gives rise to another significant shortfall in university funding. This shortfall may be summarized as follows:

	COU	OCUA	Fisher
Recommended	19.1%	16.9%	15.8%
Provided	12.2%	12.2%	12.2%
Shortfall	7.0%	4.8%	3.6%
In $millions	76.0	52.4	40.1

COU has for some time now been calculating the cumulative shortfall in university funding since OCUA's advice was last accepted in 1977-78. That shortfall now stands at $354.2 million or 27.1% of projected system revenue for 1982-83.[1] Approximately half of this shortfall is attributable to foregone salary increases, i.e. the provision of salary increases to staff at significantly less than

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1 This figure is derived by employing successive iterations of the OCUA funding model on a 1977-78 base. Actual enrolment and inflation levels are combined with COU advice on existing service level costs and efficiency discounts. Comparable calculations using OCUA's advice would generate an estimated shortfall of $296.4 million.

the rate of inflation. The remaining half of the cumulative shortfall finds expression in real reductions in faculty and staff complements and in a range of non-salary expenditures, most importantly library acquisitions, equipment replacement and physical plant renewal.

The calculation of funding shortfalls of this magnitude could clearly cast doubt on the appropriateness of the mechanism used by COU and OCUA to estimate university financial requirements. As will be demonstrated in Section 2.0, however, any variety of yardstick will give rise to levels of underfunding of the same order of magnitude. The only agency not admitting such staggering underfunding of the university system remains the Government. And the instrument of measurement it employs to determine the financial need of our universities is unrevealed. Indeed, it is doubtful that any rational yardstick can be identified which would justify the Government's present provision for the maintenance of higher education in this Province. The university community believes it important that there be a broader concensus on how to measure university financial requirements. The members of that community, of course, stand ready to examine objectively any yardsticks that the Government might propose.

The universities of this Province remain as concerned as ever regarding funding announcements for particular years. At the same time, they have become cynical and disillusioned about the significance of such announcements. This is because the magnitude of the cumulative level of our underfunding and the gap between the universities' annual financial requirements and the Government's

willingness to fund them reveal a problem the dimensions of which are now becoming all too clear. That a solution will take years to realize should not, however, detract from a sense of urgency about beginning the process of solution.

For their part, the universities have encouraged the creation of the Fisher Committee; they have actively supported its work; they have let it be known unequivocally that they support its recommendations. That the ball is now in the Government's court is evident to all observers of higher education in Ontario. That the Government wishes to avoid the responsibility arising therefrom is also evident.

2.0 ONTARIO UNIVERSITIES AS A PUBLIC PRIORITY

Throughout what universities have regarded as an extended period of underfunding, the Government of Ontario has maintained that the university sector has remained high in its funding priorities. In this section of its brief, the COU Committee on Operating Grants examines the accuracy of the Government's contention. The Committee does so by using indicators of public support for universities in Ontario by comparison to other jurisdictions in Canada and indicators of government support for various sectors of public expenditure within Ontario, including universities.

2.1 Interprovincial Comparisons

The Operating Grants Committee, during the past few years, has been fortunate in having access to the results of the work of the Tripartite Committee on Interprovincial Comparisons.[2] The most recent report of the Tripartite Committee presents data for each year from 1974-75 to 1979-80. Sufficient information is also available on government operating grants, enrolment and personal income to enable the Operating Grants Committee to estimate some of the indicators for 1980-81 and 1981-82.

The Operating Grants Committee recognizes that there remain some within the Government who question the validity and relevance of

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2 Established in 1977, the Tripartite Committee consists of representatives from the Ministry of Colleges and Universities, the Ontario Council on University Affairs and COU. It gathers data from each provincial jurisdiction in Canada and consults regularly on a national basis with respect to definitions of data elements and indicators.

Table 2-1

Interprovincial Comparisons of University Financing

Percentage Increases in Net Total Operating Grants, 1974-75 to 1981-82

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81p	1981-82p	Total Increase 74-75 to 81-82 %	Rank
British Columbia	25.9%	15.2%	11.8%	11.1%	9.6%	9.5%	13.8%	145.8	(2)
Alberta	31.2	10.7	10.8	9.0	8.5	9.5	17.1	144.1	(3)
Saskatchewan	21.1	13.5	8.7	9.4	7.3	8.5	12.0	113.3	(7)
Manitoba	19.0	15.9	12.0	0.5	9.8	8.1	13.8	109.8	(8)
Quebec	29.2	12.3	16.8	13.1	14.0	13.6	6.5	164.3	(1)
New Brunswick	18.3	11.7	9.7	9.5	8.4	9.3	10.3	107.5	(9)
Nova Scotia	25.8	13.9	9.0	8.0	5.0	9.3	12.7	118.2	(6)
Prince Edward Island	15.6	14.7	19.0	8.2	14.4	9.3	9.1	133.0	(5)
Newfoundland	25.8	13.8	15.3	7.7	11.7	10.8	8.6	138.9	(4)
9-Provinces	26.9	13.0	13.5	10.5	11.1	11.3	10.4	145.3	-
Ontario (Rank)	15.7 (9)	14.6 (4)	8.5 (10)	5.1 (9)	4.4 (10)	7.2 (10)	10.1 (7)	86.5	(10)
Canada	22.9	13.5	11.8	8.7	9.0	10.0	10.3	124.3	-

p = preliminary

Source: Interprovincial Comparisons of University Financing, Tripartite Committee on Interprovincial Comparisons December 1981. Funding announcements, various jurisdictions.

the work of the Tripartite Committee. For example, some suggest that Ontario, because of the size and maturity of its university system, might benefit from economies which would permit lower expenditure per student without detriment to quality. It is noted in response that the components of the Ontario university system are autonomous institutions of varied size and age offering a full range of academic programmes over a wide geographic area. As individual institutions, their size and maturity do not vary significantly from those in other provinces. Neither should their costs.

The Operating Grants Committee notes that its original work in the area of interprovincial comparisons was expanded to include OCUA and the Ministry of Colleges and Universities precisely because the analysis is compelling and therefore contentious. If there are others in the Government (besides MCU) who wish to continue to question the validity of these reports, we recommend that the committee be expanded to reflect their concerns.

Table 2-1 displays percentage increases in provincial government operating grants from one year to the next, for every year between 1974-75 and 1981-82, as well as the total increase for the whole period. It shows that Ontario has increased its provincial operating grants to universities over the seven-year period by 86.5%. This compares to a 145.3% increase in the other provinces of Canada. No other province was anywhere near as low as Ontario in terms of its total percentage increase.

On a year-by-year basis, Ontario's increases in operating grants during the past seven years were the lowest in three years and second lowest in two more years. On average, for the entire period, Ontario would have had to raise its rate of increase in provincial operating grants by about two-thirds just to bring this province's increases up to the average for the nine other provinces.

The impact of year after year of small funding increases to the universities of this province is starkly reflected by Ontario's position in the interprovincial comparisons prepared by the Tripartite Committee. The most commonly used of these indicators, operating grants per FTE student, is displayed in Table 2-2 and Figure 2-1. On this basis, where the level of provincial support is directly related to the number of students involved, Ontario's support for its universities has declined from being seventh highest in 1974-75 ($300 below the average for the rest of Canada), to being the lowest in 1981-82 ($1500 below the average). Every other provincial government in Canada is affording its universities a higher level of financial support on a per-student basis than is Ontario. And the differential between ourselves and the average for the rest of the country has grown from 10% to over 30%.

Need this be the case ? In another indicator developed by the Tripartite Committee, the level of provincial operating grants is compared to the wealth and income of the province's citizens. The indicator recognizes "that all provinces do not have an equal ability to pay for university education" and measures that ability to pay "based on the level of personal income in the province." As

Table 2-2

Interprovincial Comparisons of Operating Grants to Universities Per FTE Student 1974-75 to 1981-82

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81e	1981-82e
British Columbia	$3,029 (4)	$3,577 (4)	$4,049 (4)	$4,521 (3)	$5,025 (3)	$5,479 (3)	$5,802 (4)	$6,525 (2)
Alberta	3,345 (1)	4,053 (1)	4,358 (1)	4,797 (1)	5,358 (2)	5,830 (2)	6,168 (1)	7,130 (1)
Saskatchewan	2,977 (5)	3,410 (5)	3,767 (5)	4,107 (5)	4,590 (5)	5,096 (5)	5,312 (5)	5,855 (5)
Manitoba	2,5[illegible] (8)	3,016 (6)	3,453 (6)	3,874 (7)	4,123 (7)	4,677 (7)	4,947 (7)	5,596 (6)
Quebec	3,057 (3)	3,750 (3)	4,079 (3)	4,449 (4)	4,657 (4)	5,299 (4)	5,856 (3)	6,121 (4)
New Brunswick	2,704 (6)	3,003 (7)	3,445 (7)	3,905 (6)	4,364 (6)	4,762 (6)	5,029 (6)	5,481 (7)
Nova Scotia	2,431 (9)	2,836 (9)	3,233 (9)	3,497 (9)	3,813 (9)	4,074 (10)	4,303 (9)	4,820 (9)
Prince Edward Island	2,414 (10)	2,589 (10)	2,974 (10)	3,030 (10)	3,544 (10)	4,246 (8)	4,679 (8)	5,193 (8)
Newfoundland	3,079 (2)	3,809 (2)	4,157 (2)	4,625 (2)	5,485 (1)	5,994 (1)	6,021 (2)	6,474 (3)
9-provinces	2,983 -	3,576 -	3,950 -	4,347 -	4,706 -	5,249 -	5,656 -	6,152 -
Ontario (Rank)	2,690 (7)	2,913 (8)	3,265 (8)	3,669 (8)	4,002 (8)	4,140 (9)	4,296 (10)	4,665 (10)
Canada	$2,871 -	$3,322 -	$3,687 -	$4,097 -	$4,456 -	$4,851 -	$5,169 -	$5,620 -

e=estimate

Source: Interprovincial Comparisons of University Financing, Tripartite Committee on Interprovincial Comparisons, December, 1981, for actual data. COU Research Division for estimates.

Table 2-3 indicates, according to this indicator, Ontario's commitment to support its universities is at the lowest level in the country and has been the lowest in every year since 1975-76. And again the gap between ourselves and the rest of the country has widened dramatically, with the rest of the country's universities now some 30% better off than we are.

But this is generally the situation no matter which of the Tripartite Committee's indicators are chosen. Table 2-4 compares Ontario with the other nine provinces according to all eight indicators as of 1979-80, the most recent year for which complete

Figure 2-1

Operating Grants Per FTE Enrolment
1974-75 to 1981-82
(Canadian Average = 100)

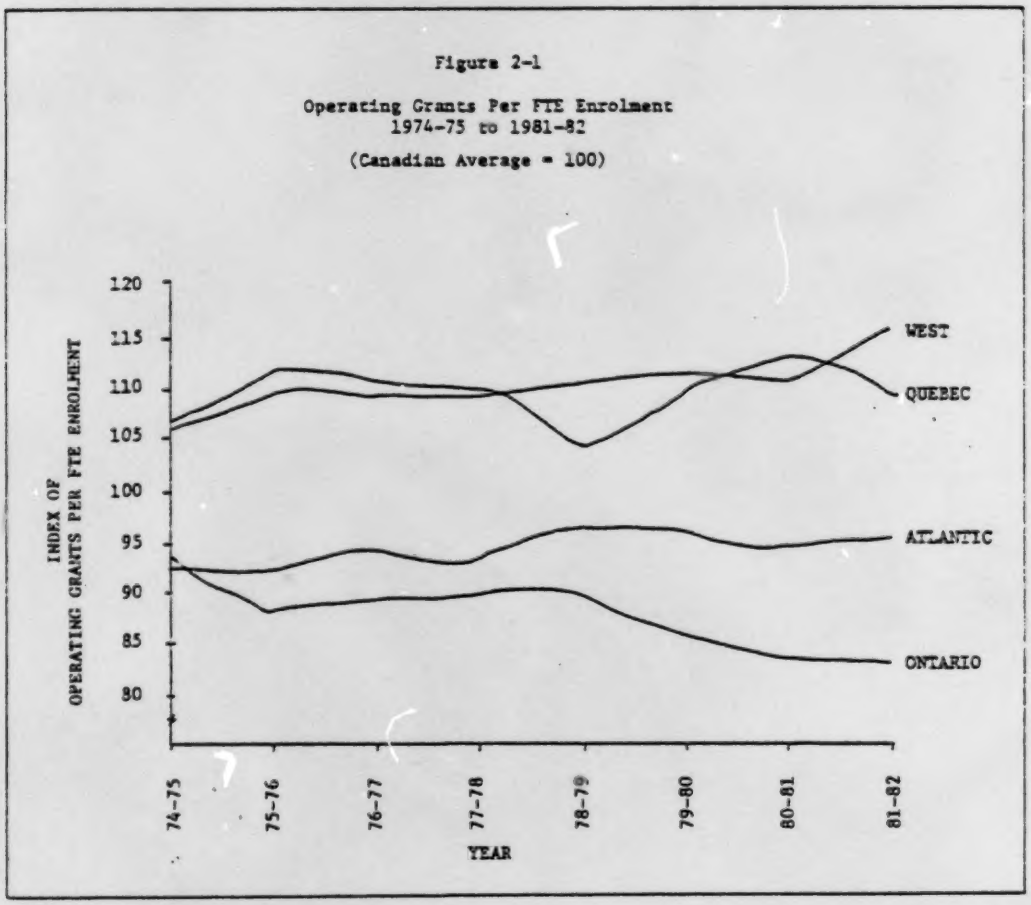

Table 2-3

Provincial Operating Grants for Universities

Per $1,000 of Provincial Personal Income

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81e	Rank 1980-81
British Columbia	$ 9.78	$ 10.68	$ 10.67	$ 10.70	$ 10.75	$ 10.47	$ 9.94	(9)
Alberta	13.88	14.94	14.22	13.89	13.28	12.19	11.33	(7)
Saskatchewan	9.25	10.93	11.33	12.08	11.95	11.21	11.10	(8)
Manitoba	11.81	11.95	12.54	12.98	11.91	11.87	11.88	(5)
Quebec	12.25	13.57	13.14	13.99	14.40	14.80	14.90	(2)
New Brunswick	14.47	14.11	14.04	14.09	14.08	13.94	13.78	(4)
Nova Scotia	14.61	15.93	16.00	15.71	15.26	14.53	14.27	(3)
Prince Edward Island	11.96	11.22	11.60	12.65	11.93	12.54	11.69	(6)
Newfoundland	13.79	14.61	14.54	15.26	15.35	15.48	15.69	(1)
9 Provinces	12.12	13.04	12.85	13.26	13.24	13.09	12.86	-
Ontario	9.95	10.06	10.20	10.04	9.62	9.06	8.72	(10)
Canada	11.15	11.86	11.80	11.99	11.82	11.53	11.26	-

e=estimate

Source: Interprovincial Comparisons of University Financing, Tripartite Committee on Interprovincial Comparisons, December, 1981, for actual data. COU Research Division for estimates

information is available. If this information were to be updated to include 1980-81 and 1981-82 data, Ontario's rank would undoubtedly be lower on most of these indicators. As it is, Ontario ranked at or near the bottom on seven of the eight indicators calculated by the Tripartite Committee. The one exception, indicator number 6, appears to place Ontario in a relatively favourable light only because public spending as a

Table 2-4

Indicators of Support
Interprovincial Comparisons of University Financing, 1979-80

Indicators	Ontario	Rank	9 Provinces Outside Ontario
1) Provincial Operating Grants Per Student	$ 4,140	(9)	$ 5,249
2) Provincial Operating Grants Per Capita	$ 87	(9)	$ 111
3) Provincial Operating Grants Plus Student Aid Per Capita	$ 92	(9)	$ 116
4) Provincial Operating Grants Plus Fees Per Student	$ 4,957	(8)	$ 5,820
5) Total Operating Income Per Student	$ 5,239	(9)	$ 6,001
6) Provincial Operating Grants Plus Student Aid As A Percentage Of Gross General Expenditure	4.86%	(5)	4.69%
7) Provincial Operating Grants Per $1,000 of Provincial Personal Income	$ 9.06	(10)	$13.09
8) Total University Operating Expenditures As A Percentage of Provincial Gross Domestic Product	.91%	(8)	1.13%

Source: Tripartite Committee on Interprovincial Comparisons
Interprovincial Comparisons of University Financing
December, 1981

proportion of gross domestic product is considerably lower in Ontario than anywhere else in Canada.[3] The Operating Grants Committee will return to the ramifications of the Government's present level of revenue and expenditure in Section 4.0, the fiscal context of university underfunding.

2.2 Intraprovincial Comparisons

Given that the level of financial support provided by the Government to this province's universities is the lowest in the country, the Operating Grants Committee set about to determine if Ontario was providing a similarly low level of financial support to other publicly supported institutions. Specifically, the Operating Grants Committee examined the Government's level of funding for hospitals, schools, community colleges, and correctional institutions in comparison with that provided to universities.

As Table 2-5 demonstrates, the growth in the universities' revenue from the Ontario Government has not kept pace with other publicly-funded sectors. Since 1973-74, schools and hospitals, for example, have enjoyed significantly increased levels of support - a 32.3% increase in constant dollars (adjusted for inflation) for every pupil in elementary and secondary schools, a 28.5% increase per day of patient care in hospitals. Meanwhile, operating expenses for universities on a per student basis have decreased by 15.6% in real

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3 Had Ontario's public spending in 1979-80, as a proportion of gross domestic product, equalled the average for the rest of Canada that year, Ontario would have been tenth on this indicator as well.

Table 2-5

Expenditures per Client Served, 1973-74 to 1980-81

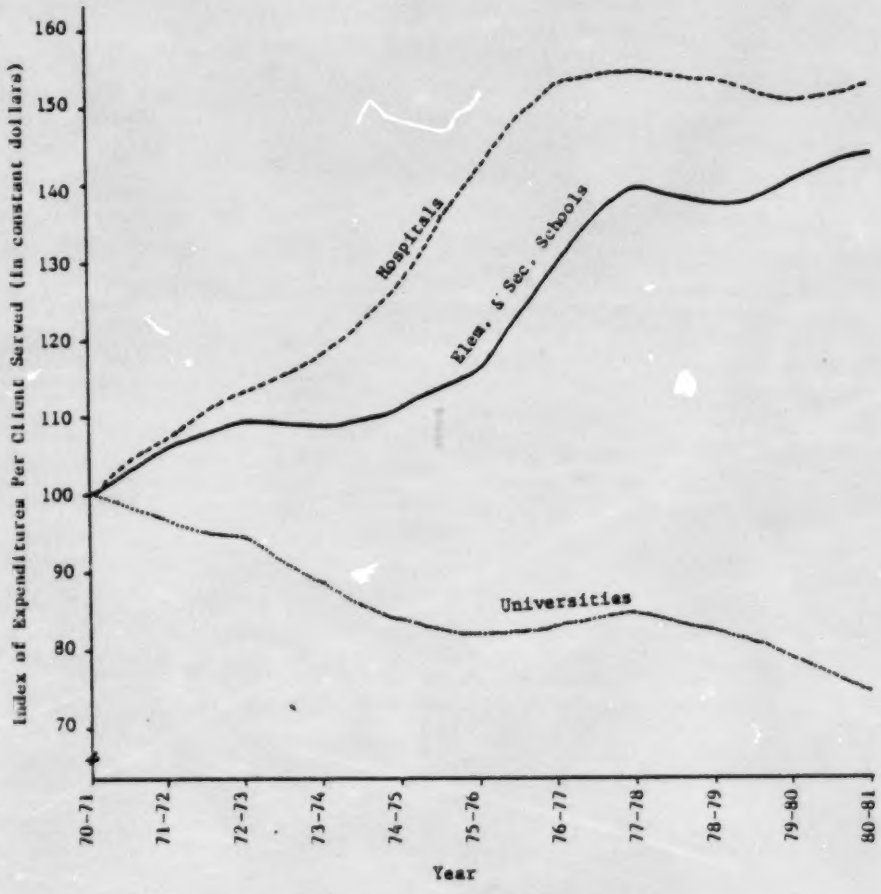
		1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Elementary & Secondary Education (total school costs per pupil)[1]	Actual	$ 1,082	$ 1,237	$ 1,410	$ 1,680	$ 1,976	$ 2,121	$ 2,366	$ 2,695
	Constant	1,082	1,110	1,151	1,282	1,390	1,367	1,397	1,431
	Index	100.0	102.6	106.4	118.5	128.5	126.3	129.1	132.3
Hospitals (gross operating costs per diem)[2]	Actual	$ 82.30	$ 98.35	$120.48	$138.55	$151.91	$165.06	$177.19	$199.15
	Constant	82.30	88.29	98.35	105.76	106.83	106.35	104.60	105.76
	Index	100.0	107.3	119.5	128.5	129.8	129.2	127.1	128.5
CAATs (operating cost per FTE student)[3]	Actual	$ 2,494	$ 2,731	$ 3,001	$ 3,380	$ 3,667	$ 3,796	$ 4,023	$ 4,035
	Constant	2,494	2,452	2,448	2,580	2,579	2,446	2,375	2,143
	Index	100.0	98.3	98.2	103.5	103.4	98.1	95.2	85.9
Adult Offenders (expenditure per inmate day)[4]	Actual	$ 27.86	$ 33.30	$ 34.05	$ 41.48	$ 47.50	$ 50.97	$ 55.09	$ 60.32
	Constant	27.86	29.89	27.80	31.66	33.40	32.84	32.52	32.03
	Index	100.0	107.3	99.8	113.6	119.9	117.9	116.7	115.0
Universities (operating cost per FTE student)[5]	Actual	$ 3,406	$ 3,583	$ 3,876	$ 4,182	$ 4,633	$ 4,914	$ 5,162	$ 5,413
	Constant	3,406	3,216	3,161	3,193	3,258	3,166	3,047	2,875
	Index	100.0	94.4	92.8	93.7	95.7	93.0	89.5	84.4

Sources:
1. Ministry of Education.
2. Ministry of Health, Hospital Statistics, various years.
3. Ministry of Colleges and Universities, Multi-Year Plan Analysis of Selected Variables from the 1973-74 to 1979-80 Multi-Year Plans, O.C.I.S., July, 1981.
4. Ministry of Correctional Services.
5. Ministry of Colleges and Universities, MCU Financial Report, various years.
   Committee of Finance Officers - Universities of Ontario, Revenue and Expenses of Ontario Universities, various years.

terms. Figure 2-2 graphically portrays what has occurred with respect to these three sectors since 1970-71.

Figure 2-2

Comparison of Expenditures Per Client Served
1970-71 to 1980-81



The improved levels of funding for hospitals and schools have permitted Ontario to maintain a relatively favourable position in these two sectors on an interprovincial basis. Table 2-6 presents interprovincial expenditure data on a per client basis for both hospitals and schools. Ontario ranks second in Canada in terms of school board expenditure per student and third in terms of hospital expenses per patient day. Clearly, the priority assigned to these two sectors has been quite different from that assigned to support for universities. And indeed, within Ontario, universities have fared rather badly in comparison with all other publicly supported

Table 2-6

Interprovincial Comparisons of Total Operating Expenses Per Client

	Total Operating Expense Per Patient Day (Public General and Allied Hospitals, 1979-80)		School Board Expenditures Per Student, 1978	
	$	Rank	$	Rank
British Columbia	$ 135.60	(8)	$ 2,029	(3)
Alberta	152.94	(7)	2,011	(4)
Saskatchewan	128.19	(10)	1,931	(6)
Manitoba	167.64	(4)	1,963	(5)
Ontario	174.87	(3)	,174	(2)
Quebec	165.07	(5)	2,253	(1)
New Brunswick	155.45	(6)	1,459	(10)
P.E.I.	132.17	(9)	1,683	(7)
Nova Scotia	182.85	(2)	1,572	(8)
Newfoundland	214.90	(1)	1,533	(9)

Source: Statistics Canada, Hospital Statistics - Preliminary.
Statistics Canada, Financial Statistics of Education.

Table 2-7

Ontario Universities' Share of Provincial Budgetary Expenditures

(Excluding Public Debt Interest Payments)

	Universities Share	Universities Shortfall from 1972-73 Level of Government Support
	%	$ millions
1972-73	6.6	-
1973-74	6.3	18.2
1974-75	6.0	51.0
1975-76	5.8	79.0
1976-77	6.0	67.0
1977-78	5.9	81.0
1978-79	5.9	92.9
1979-80	5.6	138.0
1980-81	5.5	167.8
1981-82 (est.)	5.4	208.8

Source: Province of Ontario, Public Accounts, various years.
Province of Ontario, Estimates, 1981-82

programs. The universities' share of the Ontario government's total budgetary expenditures has been constantly decreasing during the past decade. Table 2-7 demonstrates that provincial operating grants to universities, which made up 6.6% of total government budgetary expenditures (less public debt servicing) in 1972-73 now comprise only 5.4% of total budgetary expenditures. This decline in the universities' share of the budget - a decline of almost 20% since 1972-73 - has meant a shift of over $200 million away from the university sector this year.

This declining share of total budgetary expenditures is further demonstrated in Table 2-8. Percentage increases, from one year to the next, are shown both for operating grants to universities and for total provincial budgetary expenditures. In all but one of the past nine fiscal years, Ontario government grants to universities have increased by a smaller percentage than have total provincial budgetary expenditures. The average difference between the two sets of annual increases is 2.5 percentage points.

In Section 1.0, it was established that the Government's provision for university support in recent years has fallen significantly

Table 2-8

Percentage Change in Provincial Operating Grants and Total Budgetary Expenditures

	Operating Grants to Ontario Universities	Total Provincial Budgetary Expenditures	Universities Difference from Provincial Average
1973-74	+6.9%	+12.7%	-5.8%
1974-75	+14.6%	+20.8%	-6.2%
1975-76	+16.4%	+20.5%	-4.1%
1976-77	+14.8%	+12.1%	+2.7%
1977-78	+8.4%	+10.1%	-1.7%
1978-79	+5.8%	+7.8%	-2.0%
1979-80	+5.1%	+8.4%	-3.3%
1980-81	+7.2%	+9.7%	-2.5%
1981-82[e]	+10.2%	+12.7%	-2.5%
Average	+9.4%	+11.9%	-2.5%

Source: Province of Ontario, Public Accounts, various years.
Province of Ontario, Estimates, 1981-82.

behind funding levels recommended by COU and OCUA. The inadequacy of present funding levels has also been recognized in the Fisher Committee report on the future rôle of universities in Ontario. In the analysis in this section of our brief, it has been established that Ontario funds its university sector at a rate considerably below that afforded to universities in the rest of Canada and at a level of well-being considerably below that afforded to other publicly supported sectors in this province.

COU recognizes that the adequacy of provincial funding of universities remains a matter of opinion in the sense that there are no generally accepted standards that easily establish the level at which a university system should be funded. Notwithstanding, it remains impressive that the opinion of the university community has been sustained by the Government's own advisory body on university affairs (OCUA), by an independent commission established to enquire into the state of universities in this province (the Fisher Committee), and by objective data compiled by an all-party committee established to determine the financial position of Ontario's universities relative to those in the rest of Canada (the Tripartite Committee).

No matter what approach one takes in looking at these issues, the conclusion seems inexorable. No matter what approach one takes, the order of magnitude of present underfunding is considerable. Yet the Government's response to the long-term future of this province's universities remains indifferent.

No satisfactory explanation has been offered to COU or OCUA for ignoring their funding advice for the past several years. No satisfactory response has been offered to the electorate with respect to the issues raised in the report of the Fisher Committee, issues which bear upon the future well-being of this province. Surely it is relevant to ask: Whither the universities of Ontario ? Whither Ontario ?

3.0 SYSTEM REQUIREMENTS FOR 1983-84

As has been indicated in Section 1.0, COU and OCUA are in basic agreement on the funding model to be used in estimating university financial requirements for a given fiscal year. In this section of our brief, each element of the model is examined separately. The section concludes with a summary of the total financial requirements for universities in 1983-84.

3.1 Providing for Inflation

The greatest pressure on the financial position of Ontario universities continues to be the increasing cost of goods and services purchased. Inflation is expected to equal 12.3% in 1981-82 and 11.3% in 1982-83.

Table 3-1 displays recent projections of inflation prepared by the Economic Council of Canada, the Canada Department of Finance and the Conference Board of Canada. As it has in the past, the Operating Grants Committee continues to base its own estimates of university financial requirements on these "official" projections of inflation. Our assumption for inflation for 1983-84 is therefore 10.2%.[4]

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4 The Operating Grants Committee notes that such projections have, in the past, been consistently low. During the past five years, for example, actual inflation has exceeded COU's recommended provision for it by an annual average of 50%.

Table 3-1

Projected Annual Percentage Increases in the Consumer Price Index

	1982	1983	1984	1985	1986
Economic Council[1] of Canada					
Base Case Projection	12.2%	12.2%	10.6%	9.9%	8.7%
Department of[2] Finance					
The Budget, November 1981	11.7%	10.2%	9.2%	8.3%	7.7%
High Inflation Alternative	12.3%	12.2%	10.6%	9.2%	8.5%
Low Inflation Alternative	11.7%	9.9%	8.1%	6.9%	6.3%
Conference Board[3] of Canada					
Medium Term Forecast	10.5%	8.8%	7.9%	6.6%	6.9%
	1981-82	1982-83	1983-84	1984-85	1985-86
Average of Projections Adjusted to University Fiscal Year	12.3%	11.3%	10.2%	8.9%	8.0%

1. Economic Council of Canada, Room for Manoeuvre. Eighteenth Annual Review 1981, Ministry of Supply and Services, Canada, 1981.
2. Canada Department of Finance, The Current Economic Situation and Prospects for the Canadian Economy in the Short and Medium Term, November, 1981.
3. The Conference Board of Canada, Medium-Term Outlook, The Canadian Economy 1981-86, December 1981.

3.1.1 The Impact of Inflation on Salaries

The compensation of academic and non-academic staff constitutes some 80% of total university spending in Ontario. Because of the size of the expenditure concerned, COU's advice to OCUA regarding increased compensation costs has traditionally consisted of three elements - provisions for an economic (or scale) adjustment, for

career progress and for employee benefits. Each will be addressed separately in this brief.

The economic or scale adjustment made to university salaries is intended to protect staff against erosion of living standards arising from inflation. The ability of universities of Ontario to provide such protection can easily be measured. During the past ten years university salary scales have increased by about 70%; the consumer price index over the same period has increased by 115%. Much of this loss in purchasing power has occured during the years since OCUA's funding advice was last accepted in 1977-78. Salary scale increases for 1978-79 and subsequent years have totalled 27.7%; the consumer price index has increased by 47.5%.

To those puzzled by how universities have coped with a level of underfunding of the order of magnitude identified in Section 1.0, half of the answer is here in the compression of salary rates. That universities have managed as well as they have is a tribute to their staff. Those who argue for the need for further salary restraint as a means of coping with underfunding should understand, therefore, the historical background against which their argument must be made.

They should also understand that the erosion of university salary scales during the past several years is having an impact that extends beyond those presently employed at universities. Recruitment of new staff has become a serious problem; starting salaries for university faculty now differ little from those offered by the private sector to recent bachelors graduates. For example, the

floor for the assistant professor rank in 1981-82 averages $21,100. This development not only discourages bright students from pursuing post-graduate studies in preparation for academic life but serves to draw the better graduate students away from the academic job market.

Within this framework - the need to remain competitive in terms of staff recruitment and the need to redress salary erosion - the Operating Grants Committee has no hesitation in recommending that full provision for inflation on salaries be included in OCUA's funding advice for 1983-84.

3.1.2 Employee Benefits

Throughout most of the 1970s, the increasing costs of employee benefits placed a significant burden on university finances. As shown in Table 3-2, benefits now equal 11.2% of salary costs compared to 9.5% at the beginning of the decade. This was, of course, part of a larger phenomenon. The Ontario Government, for example, saw employee benefits rise from 11.2% to 14.9% of salary costs over the same period. Table 3-3 displays the components of benefit cost increases for recent years.

During most of the years for which we have data, benefit costs within the university sector have grown more rapidly than have salary costs. Some of this can be attributed to attempts to catch up to benefit improvements occuring in other sectors, some to significant increases in the cost of government-provided benefits

Table 3-2

Benefit Costs and Increases Relative to Salary Expenditure 1973-74 to 1980-81
(excluding Algoma, OCA, OISE, Ryerson)

Year	% Increase in Salary Expenditure	% Increase in Benefit Expenditure	Benefits as a % of Salaries	Ontario Public Service Benefits as a % of Salaries
1973-74			9.5	11.3
1974-75	13.0	17.2	9.8	11.8
1975-76	14.8	25.3	10.7	13.6
1976-77	11.2	17.0	11.3	15.1
1977-78	7.5	7.8	11.3	14.8
1978-79	4.8	8.4	11.7	16.8
1979-80	4.5	1.0	11.3	16.4
1980-81	8.3	7.0	11.2	14.9

Source: Total Revenue and Expenses For Provincially Assisted Universities of Ontario, COFO-UO various years
Public Accounts of Ontario, Province of Ontario, various years

and some to the poor performance of pension plans in the mid-1970s. Pressure on the university employer to provide significantly improved benefits, particularly in the pension area, of course, continues. The inability of the university employer to implement significant improvements, of course, also continues. Although the Operating Grants Committee believes that, against this background, a rationale exists for permitting benefit costs to increase more rapidly than salary costs, it will again this year refrain from so recommending. This may be taken as some indication of the priority it assigns to other elements of its advice.

Table 3-3

Comparison of Benefit Costs
1979-80, 1980-81 and 1981-82

	1979-80 ($000's)	1980-81 ($000's)	Increase 1979-80 to 1980-81 ($000's)	Increase 1979-80 to 1980-81 %	1981-82 ($000's)	Projected Increase 1980-81 to 1981-82 ($000's)	Projected Increase 1980-81 to 1981-82 %
Pension:							
- Current Service	41,842	44,883	3,041	7.3	48,992	4,109	9.2
Group Life	3,994	4,025	31	0.8	4,285	260	6.5
Long Term Disability	2,223	3,106	883	39.7	3,542	436	14.0
Dental	2,329	3,037	708	30.4	4,331	1,294	42.6
OHIP	6,550	6,280	-270	-4.1	7,021	741	11.8
Canada Pension	6,822	7,554	732	10.7	8,485	931	12.3
Workmen's Compensation	993	1,024	31	3.1	1,293	269	26.3
Unemployment Insurance	6,662	8,601	1,939	29.1	11,633	3,032	35.3
Extended Health Care	1,076	1,670	594	55.2	2,120	450	26.9
Tuition Remission	1,693	1,930	237	14.0	2,409	479	24.8
Other	660	51	-609	-92.3	893	842	1651.0
Subtotal	74,844	82,161	7,317	9.8	95,004	12,843	15.6
Exp. Deficiency	494	183	-311	-63.0	183	0	0.0
Past Service Liab.	2,428	885	-1,543	-63.6	372	-513	-58.0
Total Benefits	77,766	83,229	5,463	7.0	95,559	12,330	14.8

3.1.3 The Impact of Inflation on Non-Salary Expenditure

Some years ago, it was recognized by both COU and OCUA that the Consumer Price Index inadequately measures the impact of inflation on university non-salary expenditure. This arises very clearly because the basket of goods which universities purchase differs considerably from that which consumers purchase (see Appendix I). In consequence, in 1977-78, the Committee of Finance Officers - Universities of Ontario, an affiliate of COU, developed an Ontario University Price Index (OUNSPI). During the past decade, OUNSPI has advanced at an average annual rate 25% in excess of the Consumer Price Index.

The Operating Grants Committee knows of no reason to believe that this relationship will be altered in the near future. Table 3-4, which displays our assumptions about future non-salary inflation, therefore reflects this fact. Non-salary inflation for 1983-84 is estimated at 12.7%.

3.1.3.1 Library Acquisitions

A special problem for universities confronted with rapid inflation in a period of sustained underfunding relates to their ability to adequately maintain library collections. In this area, expenditure constraint of even a brief duration can have a long term effect on the value of a library's holdings. And constraint there has indeed been.

Table 3-5 displays an index of expenditure on library acquisitions in constant dollars and constant dollars per FTE student over the

Table 3-4

Ontario University Non-Salary Price Index
(1982 revision: 1970-71 = 100)

Year	OUNSPI	CPI	OUNSPI Annual % Increase	CPI Annual % Increase
Actual				
1971-72	104.4	103.9	4.4	3.9
1972-73	108.0	109.2	3.4	5.1
1973-74	120.3	118.9	11.4	8.9
1974-75	140.9	132.5	17.1	11.4
1975-76	156.2	145.8	10.9	10.0
1976-77	170.6	155.7	9.2	6.8
1977-78	192.3	169.1	12.7	8.6
1978-79	211.9	184.5	10.2	9.1
1979-80	240.6	201.4	13.5	9.2
1980-81	270.8	223.9	12.6	11.2
Estimated				
1981-82	312.5	251.4	15.4	12.3
1982-83	356.6	279.9	14.1	11.3
1983-84	401.9	308.4	12.7	10.2
1984-85	446.5	335.8	11.1	8.9
1985-86	491.1	362.7	10.0	8.0

past decade. The declines apparent here (35% in terms of constant dollars, 55% in terms of constant dollars per FTE student) have meant a significant reduction in the number of monographs purchased over a period when the volume of scholarly publication has grown by 20%. As can be seen from Table 3-6, Ontario's position in terms of library acquisitions in Canada is less than enviable. The problems of monograph acquisition have been compounded, of course, by the extreme escalation in the price of periodicals, an increase of 274%

Table 3-5

Index of Expenditure on Library Acquisitions

	Constant Dollars	Constant Dollars per FTE	Cost Index
1970-71	100.0	100.0	100.0
1972-73	93.7	82.6	112.6
1974-75	81.1	64.1	141.1
1976-77	72.4	51.1	178.0
1978-79	62.1	46.7	243.4
1980-81	64.6	46.7	301.2

Table 3-6

Library Acquisitions Per FTE Enrolment at Selected Universities By Province

	1976-77	1977-78	1978-79	1979-80
British Columbia	$ 120 (4)	$ 147 (3)	$ 149 (3)	$ 159 (5)
Alberta	130 (3)	136 (4)	142 (4)	177 (3)
Saskatchewan	115 (5)	117 (5)	115 (7)	142 (6)
Manitoba	75 (9)	88 (10)	91 (9)	115 (9)
Ontario	88 (7)	98 (8)	108 (8)	119 (8)
Quebec	80 (8)	92 (9)	90 (10)	90 (10)
New Brunswick	73 (10)	174 (2)	193 (2)	180 (2)
Prince Edward Island	134 (2)	105 (7)	142 (5)	161 (4)
Nova Scotia	94 (6)	106 (6)	121 (6)	138 (7)
Newfoundland	226 (1)	316 (1)	320 (1)	283 (1)

Source: Statistics Canada Universities: Enrolment and degrees 81-204
CAUBO (Library Acquisitions)

in the last ten years. This has caused a significant shift in the distribution of funds in acquisition budgets between monographs and periodicals (see Table 3-7). This shift, we believe, both reflects and contributes to the seriously imperilled ability of universities to adequately maintain library collections.

Table 3-7

Expenditures for Monographs and Periodicals By University Libraries (Binding Excluded)

($000's)

Year	Monographs		Periodicals		Total	
1971-72*	$ 4,474	65.3%	$ 2,375	34.7%	$ 6,849	100.0%
1975-76	$ 5,826	55.5%	$ 4,662	44.5%	$10,488	100.0%
1979-80**	$ 7,219	47.8%	$ 7,878	52.2%	$15,097	100.0%
1980-81	$ 9,525	47.1%	$10,704	52.9%	$20,229	100.0%

* Excludes Ottawa and Wilfrid Laurier

** Excludes Ottawa

Source: Ontario Council of University Libraries

3.2 Projecting Existing Service Level Costs

The rapid growth of the university system in Ontario in the 1960s and early 1970s, in response to the Government's objective of wide accessibility to higher education, created several structural problems which require particular financial attention. Recognized within the framework of the OCUA funding model are the costs of "career progress" and the costs of equipment replacement. Not

recognized is a problem we believe to be of the same character and magnitude - the provision of adequate funding for building renovation and alteration. Each of these topics is addressed separately.

3.2.1. The Cost of Career Progress

University compensation policy recognizes years of service as an element of salary level. In this respect, universities differ little from other employers, be they in the private or public sector. Where they do differ from some in this regard, however, is that this element of their salary policy gives rise to net costs.

In a work force with a relatively uniform age distribution, the costs of career progress are normally met from the savings which arise when older staff (at higher salaries) retire and are replaced by younger staff (at lower salaries). Because of the significant recruitment of young staff in the 1960s and early 1970s, universities have proportionately very few staff members at or near retirement age. With very little turnover, a compensation policy which associates rewards with years of experience is bound to generate net costs. Given the skewed age distribution of university staff, however, there will come a time when this same compensation policy will generate net savings.

COU has developed a faculty flow model which simulates flows into, through and out of the academic labour force in Ontario. The model projects the net costs of career progress for 1983-84 at 1.7%. The Operating Grants Committee recommends a provision of funding at this level.

Although most of COU's analytical work in the matter of career progress has been restricted to the faculty side, the Operating Grants Committee did undertake this year, with the assistance of some members of COU's Operations Planning and Analysis Group, to examine the net cost of non-academic career progress at selected institutions. Their analysis indicated a cost of 1.9% for 1980-81.

The Operating Grants Committee has been maintaining a watching brief on the matter of mandatory retirement age. Recent developments in Manitoba are already having an impact on universities there where most faculty approaching age 65 are opting not to retire. Similar developments in Ontario or at the national level would have a significant impact on overall salary costs at universities and, in particular, would exacerbate the problem of funding the net costs of career progress.

3.2.2 Provision for Equipment Replacement

The second structural problem recognized by the OCUA funding model concerns the replacement of equipment. It is identified as a structural problem because much of our present difficulty in this area extends beyond the general issue of university underfunding.

During the late 1960s and early 1970s, universities acquired much of their present stocks of equipment as part of the major building programmes which were undertaken in response to rapidly growing enrolment. Table 3-8 displays the changing proportion of equipment expenditure attributable to operating and capital funds respectively. Where once capital funds contributed almost 60% towards the

Table 3-8

Total Equipment and Furniture Purchases By Fund
($ 000's)

Year	Operating	Capital	Total Purchases*	Total Constant Dollars*
1972-73	42.2%	57.8%	$ 24,959	$ 24,959
1973-74	42.5%	57.5%	24,846	23,528
1974-75	65.4%	34.6%	18,468	15,213
1975-76	74.8%	25.2%	18,287	13,566
1976-77	87.6%	12.4%	15,644	11,142
1977-78	80.6%	19.4%	19,088	12,089
1978-79	84.1%	15.9%	20,085	11,373
1979-80	86.9%	13.1%	20,689	10,593
1980-81	94.0%	6.0%	22,163	10,024

Source: COFO-UO, Revenue and Expenses of Ontario Universities, various years.

*Excludes Ryerson, OISE, OCA, Algoma, and Wilfrid Laurier

costs of these acquisitions, today their contribution is negligible.

The disappearance of capital funding together with severe university underfunding on the operating side has combined to cause a significant decrease in real dollar expenditure for equipment replacement. These developments have unfortunately coincided with a requirement, arising out of aging and obsolescence, for a considerable level of such replacement. Sheer breakdown of existing stocks is on the one hand limiting the amount of equipment available, while obsolescence on the other hand is significantly debasing the usefulness of what remains.

In its brief last year, the Operating Grants Committee proposed that sufficient funding be provided to allow universities to annually replace one fifteenth of their equipment stocks. This advice was echoed by the Fisher Committee in its report to the Government on the future of universities in Ontario and it remains the position of COU. While the implications of accepting this advice are substantial ($67.0 million in 1983-84), it is really inconceivable that institutions of higher learning, expected to be at the leading edge of scientific and technological development, expected to prepare graduates in the most advanced applications of their disciplines, should function with anything less.

COU recognizes and welcomes the initiative taken by the Government this year through its BILD programme to provide a small measure of relief to universities in the area of research equipment. What we are addressing here, however, is a question of core funding of universities on a recurrent basis. Given the importance it attaches to the provision of these funds, the Operating Grants Committee again this year recommends that its provision for equipment replacement be separately identified within the OCUA funding model. This approach permits these costs being included as part of the costs of meeting basic objectives while at the same time allowing for a methodology more appropriate for their determination.

3.2.3 Funding of Building Renovation and Alteration

The matter of funding for renovations and alterations, because it encompasses both capital and operating financing, has not normally been considered in our annual operating grants brief to OCUA.

However, there has been little indication that the Ontario Government is willing to assist its universities in maintaining physical plant at anything approaching adequate levels. Again, we have the problem of the Government making a significant capital investment in the late 1960s and early 1970s to develop a university physical plant capable of accomodating a policy of wide accessibility without making provision for protecting that investment. Again, we have a structural problem - this time in more ways than one.

In 1970-71, Ontario universities spent $7.0 million from capital and operating sources on renovations and alterations; the comparable figure (for the same institutions) in constant dollars in 1980-81 was virtually unchanged. Yet during this period space inventories grew by over 50%. In effect, expenditure per net assignable square foot declined from $0.55 to $0.35 annually. And this decline has been experienced during a period when aging, tighter building standards and necessary retrofit for energy conservation should have caused the opposite to happen.

In 1972, the COU Committee on Capital Financing, after extensive research into the matter, proposed an annual provision of 1.5% per year of building replacement value as the appropriate level of funding for renovation and alteration. To date, that figure has never been seriously challenged. Given the present state of university physical plant, the Operating Grants Committee prudently recommends that the 1.5% standard be adopted as a <u>minimum</u> measure of financial rquirement for renovation and alteration for the next

five years. A commitment of lesser duration is inadequate if universities are to seriously and effectively address their accumulated backlog of deferred major maintenance. We would also recommend that present procedures for approval of renovation and alteration projects be abandoned in favour of procedures which would permit universities to undertake the renewal of their physical plant using a multi-year planning approach. We believe that this measure will also serve to significantly reduce administrative costs, both within the universities and the Government, associated with the present grants programme.

The financial implications of adopting a 1.5% standard for renovations and alterations are considerable. In 1981-82 terms, they amount to $43.8 million; this can be compared to the $13.5 million actually provided. Using OUNSPI to project forward, we might anticipate the standard to generate a requirement of $56.3 million by 1983-84.

3.3 The Efficiency Factor

It is accepted by both COU and OCUA that the present level of university underfunding is significant. In these circumstances, the Operating Grants Committee fails to appreciate OCUA's continued use of an efficiency factor to reduce its overall funding advice. We again recommend that the efficiency factor be dropped from OCUA's funding model.

3.4 Provision for Enrolment Variation

In the past, the Operating Grants Committee has relied on the work

of COU's Committee on Enrolment Statistics and Projections for advice on anticipated levels of enrolment. Appendix II of our brief contains a report from CESP on the nature of enrolment trends in 1981-82 and includes a range of projected enrolment increases. For purposes of simplicity, we have adopted for 1982-83 the mid-point value (+4.5%) of CESP's projected range of increase.

For some years now, the Operating Grants Committee has been concerned by the disparity between the use of enrolment variation in the OCUA funding model and its use in the distribution of funds among institutions within the framework of the operating grants formula. In the latter case, enrolment averaging is employed; in the case of the former, enrolment variation is measured between two single years.

The Operating Grants Committee recalls that the introduction of enrolment averaging into the operating grants formula was intended to protect institutions from the financial implications of annual enrolment shifts. It was to provide a measure of funding stability and thereby "...foster a more secure planning atmosphere."[5] This same rationale would seem to apply equally to the calculation of system funding. Indeed, it is not clear that enrolment averaging, as it applies to the allocative mechanism now, works as effectively as was intended given the present disparity. Table 3-9 displays the moderating effects which enrolment averaging might have had on global funding calculations over the past several years. The

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5 OCUA 75-VII, The Allocation of the Government's Operating Support for the University System in 1976-77.

Table 3-9

Summary of FTE
Enrolment, 1974-75 to 1982-83

	FTE Enrolment	% Variation	Rolling Average	% Variation
1974-75	182,128.8			
1975-76	194,101.8	6.6		
1976-77	196,481.1	1.2	190,903.9	
1977-78	189,912.7	(3.3)	193,498.5	1.4
1978-79	185,448.6	(2.4)	190,614.1	(1.5)
1979-80	186,777.5	0.7	187,379.6	(1.7)
1980-81	193,229.4	3.5	188,485.2	0.6
1981-82	202,432.6	4.8	194,153.2	3.0
1982-83	211,563.0	4.5	202,415.0	4.3

Operating Grants Committee recommends that OCUA adopt this approach in providing for enrolment variation. The Committee uses +4.3% as the enrolment factor in its estimate of university financial requirements for 1983-84.

3.5 Stabilization Factor

The Operating Grants Committee accepts OCUA's 50% discount as applied to variations in enrolment. The discount serves to recognize the existence of both fixed and variable elements in the infrastructure of university costs.

3.6 Minimum Financial Requirements for 1983-84

Table 3-10 summarizes in dollar terms the results of COU's advice to OCUA with respect to the minimum financial requirements of the Ontario university system in 1983-83.

Column 1: Estimated Expenditures 1982-83 - Provincial operating grants of $1029.8 million, formula, visa and other tuition fee revenue of $243.0 million and "other" revenue of $59.9 million total to a 1982-83 base of $1332.7 million. $27.6 million for equipment replacement is then removed from non-salary expenses.

Column 2: Inflation Costs 1983-84 - Additional costs to universities arising from inflation are estimated to increase by 10.2% for salaries and benefits and 12.7% for non-salary items.

Column 3: Existing Service Level Cost 1983-84 - Career progress requires funds for salaries and benefits at a level 1.7% above 1982-83. Equipment replacement will require $67.0 million.

Column 4: Efficiency Factor - Current funding levels make this component of the model irrelevant.

Column 5: Enrolment Increases - For 1983-84 cost calculations, an averaged 4.3% increase is utilized in the model.

Column 6: Stabilization - A factor equal to half the net changes in enrolment is included.

Column 7: Cost of Basic Objectives 1983-84 - This figure equals the amount of operating grants, tuition fees, and "other" revenue required by Ontario universities for 1983-84.

Table 3-10

COU Funding Recommendations for 1983-84
($000,000's)

	Estimated Expenditures 1982-83	Inflationary Trend Cost 1983-84	Existing Service Level Cost 1983-84	Efficiency Factor (Negative)	Predicted Enrolment Costs 1983-84	Stabilization Factor + or (-)	Cost of Basic Objectives 1983-84
Salaries	958.2	97.7	18.0	-	46.2	(23.1)	1097.0
Benefits	106.6	10.9	2.0	-	5.1	(2.6)	122.0
Non-Salary	240.3	24.5	67.0	-	11.4	(5.7)	337.5
Total	1305.1	133.1	87.0	-	62.7	(31.4)	1556.5

The funding recommendations in this section of our brief give rise to a requirement for increased university operating revenue of 16.8%. It is also proposed that $56.3 million in capital grants be made available. Provision of this level of funding would serve to protect the existing university enterprise from further erosion resulting from underfunding. No progress would be made towards addressing the serious cumulative financial deficiency that has arisen in the university sector over the past five years.

4.0 THE FISCAL CONTEXT OF UNIVERSITY UNDERFUNDING

Thus far in our brief to OCUA, we have established that the universities of this Province are significantly underfunded. We have established that their financial requirements for 1983-84, if we are to prevent further deterioration of their position, are considerable. We now frankly admit that the objective of rescuing the university system, in its present configuration, from precipitous decline is unattainable without a major shift in government spending priorities (examined in Section 2.0) and/or without a major shift in government fiscal policy.

Table 4-1 displays the amount of money being raised by the provincial governments of Canada (Gross General Revenue), compared to the value of goods and services produced within each province (Gross Domestic Product), and the income received by individuals in each province from all possible sources (Provincial Personal Income). According to both sets of comparisons, the Government of Ontario is raising and spending a smaller share of its provincial resources than is any other provincial government in the country. And the extent to which it has fallen behind is considerable.

Another, more precise, method of analyzing a provincial government's fiscal policies is demonstrated in Table 4-2. The existing tax structure is taken into account and federal transfer payments are ignored in an attempt to compare provincial ability and willingness to generate tax revenue. The first column of the table, dealing with tax capacity per capita, displays the taxable wealth of each province compared with the standard of a national average.

Table 4-1

Estimated Gross General Revenue as a Percentage of Gross Domestic Product and Provincial Personal Income

1979-80

	Gross Domestic Product ($000,000's)	Gross General Revenue %	(Rank)	Provincial Personal Income ($000,000's)	Gross General Revenue %	(Rank)
British Columbia	32,583.8	15.9%	(9)	25,240	20.5%	(9)
Alberta	33,873.7	22.2	(6)	19,551	38.5	(3)
Saskatchewan	11,082.2	20.1	(7)	7,993	27.9	(6)
Manitoba	10,248.5	19.1	(8)	8,460	23.1	(8)
Quebec	62,129.3	25.0	(5)	52,412	29.6	(5)
New Brunswick	4,910.8	29.7	(3)	4,537	32.2	(4)
Nova Scotia	6,251.5	25.9	(4)	6,011	27.0	(7)
PEI	709.4	40.6	(1)	745	38.7	(2)
Newfoundland	3,561.2	37.1	(2)	3,365	39.3	(1)
9-Provinces Outside Ontario	165,350.4	22.4%		128,314	28.9%	
Ontario	101,593.6	14.4	(10)	81,698	17.9	(10)
Canada	266,944.0	19.4%		210,012	24.6%	

Source: Statistics Canada

Tax revenue per capita simply divides the amount of money raised by provincial taxes by the province's population. Tax effort per capita compares the ability to generate tax revenue with the provincial government's willingness to do so. Multiplying tax capacity by tax effort equals tax revenues. The Ontario government's tax effort in 1980-81 ranked seventh of all the provinces, ahead of only Nova Scotia, New Brunswick, and Manitoba. Even if

Table 4-2

Estimated Tax Capacity, Tax Revenue and Tax Effort
1980-81

	Tax Capacity Per Capita	Tax Revenue Per Capita	Tax Effort Per Capita	Tax Effort Adjusted for Surplus/Deficit
British Columbia	109.7	98.8	90.1	91.0
Alberta	212.7	225.0	105.8	63.6
Saskatchewan	102.1	110.1	107.8	100.5
Manitoba	79.1	66.0	83.4	97.1
Ontario	92.9	80.5	86.7	93.5
Quebec	82.3	104.5	126.8	148.1
New Brunswick	71.4	56.4	78.9	91.9
Prince Edward Island	62.9	57.9	92.1	95.0
Nova Scotia	71.5	57.0	79.7	97.1
Newfoundland	67.8	65.4	96.4	106.9
10 Provinces	100.0	100.0	100.0	100.0

Note: The indices shown exclude all federal transfers and local property taxes but include provincial revenues from natural resources and an estimate of miscellaneous revenues not normally included in federal calculations in regard to equalization payments.

Source: Canada Department of Finance, Federal-Provincial Relations Division.

the index of tax effort is adjusted to account for the surplus or deficit position of each province (in effect, to count borrowings as a revenue source and surpluses as negative revenue), Ontario still ranked seventh of all the provinces.

What all of this means is that although the Ontario economy has the capacity to generate a level of provincial tax revenue per capita near to that of the average of the other provinces, the Ontario Government has chosen to raise significantly less tax revenue. The result has been provincial tax revenues per capita in Ontario which

are below the national average and, concomitantly, which provide less than adequate support for needed public ventures. The Treasurer of Ontario recognized this as a problem in his Budget Statement of May 19, 1981. At that time, he pointed out that "the Province's revenue needs are not being adequately met by our current tax structure"[6] and stressed the need for a "realistic fiscal framework" which would "maintain the high level of services provided by the Province and allow for growth in priority areas ..."[7]

The result of low levels of tax revenue has been an apparent requirement on the part of the Ontario Government to borrow funds to meet its cash needs. The Operating Grants Committee has pointed out, however, in previous years that these borrowings have been more than offset by expenditures for capital purposes. Table 4-3 provides an update of the information on this subject. The Ministry of Treasury and Economics itself recognizes the significance of these $1.5 billion of capital investments per year and the importance of maintaining their annual level above that of the Government's net cash requirements.[8] In fact, as this table demonstrates, the Ontario Government has been quite successful in keeping its net cash requirements below the level of its capital expenditures.

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6 Ontario Budget, 1981, p. 17.

7 Ontario Budget, 1981, p. 1.

8 "Fiscal Developments in Ontario in the 1970's", Budget Paper A, pp. 14-15, Ontario Budget, 1981.

Table 4-3

Capital Expenditures, Liquid Reserves and Borrowings

Province of Ontario, 1972-73 to 1981-82

($000,000's)

Year	Net Borrowings (1)	Net Cash Requirements (2)	Increase(Decrease) in Liquid Reserves (1) - (2) = (3)	Capital Expenditures (4)	Operating Funds Surplus (Deficit) (4) - (2) = 5 (3+4) - (1) = (5)
1972-73	$1,028	$744	$ 284	$ 1,103	$ 359
1973-74	710	708	2	1,226	518
1974-75	851	977	(126)	1,399	422
1975-76	1,974	1,799	175	1,627	(172)
1976-77	1,092	1,319	(227)	1,480	161
1977-78	1,506	1,762	(256)	1,536	(226)
1978-79	1,652	1,180	472	1,361	181
1979-80	1,133	584	549	1,540	956
1980-81	968	803	165	1,535	732
1981-82*	$1,195	$1,464	(269)	N/A	N/A

Notes: (1) Proceeds of Loans minus Retirement of Loans.
(2) Expenditures minus Revenues plus or minus net Non-Budgetary Transactions.
(3) Cash, temporary investments and marketable securities. The opening balance at the beginning of 1981-82 was $1.734 million, but these liquid reserves are expected to decline to $1.465 million during 1981-82.
(4) Physical assets, buildings and land make up the bulk of this amount.
(5) Capital expenditures minus net cash requirements equals the surplus or deficit on current, operating expenditures. It is composed of the increase or decrease in liquid reserves plus capital investments and minus net borrowings.

The above Table separates funds raised for operating purposes and funds raised for capital purposes. As shown in column 5, in all but two of the previous ten years, all operating fund requirements were met by taxation, federal transfers, or other revenue services. (i.e. no borrowed funds were involved) Net borrowings have averaged $1.1 billion per year, but have been used to increase liquid reserves and to finance capital expenditures. Other capital expenditures were financed out of operating funds.

*Current Outlook, December 31, 1981
Ontario Finances Ministry of Treasury and Economics

In only two of the ten years shown has Ontario run a current, operating fund deficit. In most years, the province's net borrowings were used to increase liquid reserves (cash, temporary investments and marketable securities) and to help finance capital investments. What borrowing did occur was of a non-public nature, largely from the Canada Pension Plan and the Teachers' Superannuation Fund, and as the Treasurer of Ontario pointed out in his last Budget Statement:

> This level of net cash requirements is well within the capacity of the Government to finance from non-public borrowing sources.[9]

In fact, the Ontario government's non-public borrowing capacity was great enough that in 1981-82 "for the second year in a row the Province [was able to] make available $500 million from the Canada Pension Plan to Ontario Hydro."[10]

What emerges from these observations is a picture of a government unwilling to raise funds sufficient to meet the needs of the public services it has established. It does, however, have the capacity to do so (by comparison to other provincial governments), through increased taxation or borrowing. What remains unknown, of course, is the public's willingness to support such a course of action. We say unknown because we believe that the Government has a simplistic view of present public attitudes. At the very least, we believe the Government has a responsibility to expose to the citizens of this Province the disadvantages as well as the advantages of its policy

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9 Ontario Budget 1981, p. 16.

10 Ontario Budget 1981, p. 16

of fiscal restraint. It is altogether too facile to publicly champion fiscal restraint without facing its consequences fully. And one of the significant consequences is a university system on the one hand less accessible or on the other of lesser quality than the people of this Province have come to expect. Either way, the people of the Province lose in the long term whatever gains the Government might have identified for them in the short term.

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5.0 CONCLUSION

The universities of Ontario have a large and important mission to fulfill, encompassing the creation, preservation, and transmission of knowledge. It is a mission which touches the lives of all Ontario citizens contributing to their physical and spiritual well-being. And it is a mission fundamental to the well-being of the Province as a whole.

The teaching enterprise of our universities provides the instructors for our schools, the medical staff for our hospitals, the technical and managerial expertise to run our business and industry, jurists to run our legal system, architects to design buildings, engineers to tap our natural resources.... On a broader plane, this same enterprise provides graduates generally with the intellectual basis for our cultural, spiritual, material and political leadership.

The research enterprise of our universities permits us to participate vigorously in the international advancement of knowledge and to readily tap that new knowledge to our advantage. Our universities stand as an intellectual resource from which industry and business can draw for adaptation of scientific and social theory to the realities of today's marketplace, from which governments can draw for the development of new social and economic policy, and from which the individual can draw for greater understanding of his place and context in the historical evolution of mankind.

Within this larger mission, the universities of Ontario strive to

contribute to the fulfillment of provincial and national objectives. They do so by continually adapting the balance of the various elements of their mission and by shifting emphasis within each element.

A recent example of the extent to which universities have been willing and able to adapt to changing circumstances is demonstrated in Table 5-1. It presents 10 years of data on the actual and projected number of graduates in commerce and administration, engineering and computer science. These particular programs were chosen because they are areas of high demand in the marketplace and areas which also require a sophisticated and costly infrastructure in the form of specialized faculty and equipment.

Table 5-1

Undergraduate Degrees Awarded by Ontario Universities In Commerce And Administration, Engineering and Computer Science

	Commerce and Administration	Engineering	Computer Science
1977	1,954	1,773	1,729
1978	2,222	2,014	1,965
1979	2,351	2,218	2,168
1980	2,816	2,296	2,222
1981p	3,141	2,395	2,328
1982p	3,332	2,470	2,406
1983p	3,553	2,489	2,426
1984p	3,656	2,476	2,419
1985p	3,666	2,619	2,561
1986p	3,713	2,527	2,468

p=projected

Between 1977 and 1981 the number of undergraduate degrees awarded increased by 60.7% in commerce and administration, 39.3% in engineering, and 39.2% in computer science. These are remarkable achievements for a financially hard-pressed university system.

But the realities of Ontario Government fiscal policy in the 1980's are making further adaptation difficult if not impossible. Inadequate salary levels make academic life less and less attractive to the brightest of our graduates. Funds are inadequate to equip and house new programmes or to adapt existing programmes to new realities. But fundamentally, there is such overwhelming need to protect the esential core undertaking of the university that our ability to adapt to new circumstances is virtually spent.

For the foreseeable future Canada and Ontario, more than ever before, will need a university system that is highly responsive to national and provincial objectives. What they will find, in Ontario at least, is a university system beginning to atrophy after half a decade of funding at less than an adequate level. And let it be clearly understood - it will not be sufficient to fund universities for the fulfillment of particular missions which governments might identify for them. The narrower rôle of the university cannot be sustained unless the larger role, the core undertaking, is fundamentally secure.

Appendix I

Update (1982) to the Ontario University Non-Salary Price Index

Four years ago the Ontario University Non-Salary Price Index* was published. The latest revisions and updated information used to construct the OUNSPI and its various components are presented in this Appendix.

The revisions made for 1982 have not led to any major changes in the approach taken in preparing this Index. The methodology, item content and weighting pattern have remained unchanged from last year.

Books

This component index for 1979-80 has been revised, in the light of more definite information, and an estimate provided for 1980-81.

Computing

These data were supplied by Research Associates of Washington in their publication, Higher Education Prices and Price Indexes: 1981 Update. They were converted into Canadian dollars using the publication Quarterly Estimates of the Canadian Balance of International Payments, System of National Accounts (Statistics Canada).

Conclusion

Table A-1 presents the price indices for each of the components, using 1970-71 as a base year. Table A-2 presents the year to year percentage variations for each of the components. Figure A-1 presents the weighting pattern used to construct the consolidated OUNSPI, which includes all of the components.

*Ontario University Non-Salary Price Index, Council of Ontario Universities, Toronto, February 1978.

Table A-1

Component Price Indices in the Ontario University Non-Salary Price Index (Based on Fiscal Year 1970-71 = 100)

Component	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Books	109.9	105.8	100.2	113.2	135.3	140.9	168.0	183.9	230.2	239.5e
Periodicals	108.3	120.5	149.0	159.3	186.6	204.3	240.6	294.2	326.7	374.0
Equipment	101.4	101.8	107.1	127.7	144.4	151.0	175.9	202.3	224.7	252.8
Computing	101.9	103.3	104.5	108.1	116.6	117.2	127.9	135.8	143.8	172.3
Furniture	105.0	109.9	122.0	140.0	151.9	161.1	169.0	180.9	204.0	225.3
Stationery & Paper	101.1	103.1	124.0	165.9	180.9	187.5	196.9	216.4	253.9	289.7
Printing Materials	101.7	106.3	130.4	161.0	164.5	163.3	170.1	182.4	208.3	229.1
Tools & Apparatus	103.2	105.6	112.8	130.9	145.2	154.6	172.5	190.7	222.6	254.5
Chemicals	101.1	102.9	114.2	149.0	163.9	170.8	181.0	196.7	229.5	264.0
Postage	112.3	120.8	120.8	120.8	121.3	144.7	181.3	212.1	253.7	254.2
Long Distance	102.6	107.2	109.2	110.3	114.4	122.9	134.3	141.8	146.7	153.3
Electricity	104.9	112.1	121.1	131.0	143.3	183.8	235.8	248.3	274.1	302.9
Gas	101.5	101.9	106.9	120.2	151.2	184.6	213.4	244.6	258.1	304.2
Oil	111.7	108.0	166.7	253.6	279.2	330.9	399.8	459.0	581.9	712.0
Telephone	102.6	107.2	109.2	110.3	114.4	122.9	134.3	141.8	146.7	153.3
Renovations	104.4	109.8	122.9	146.2	154.3	162.9	174.0	193.3	222.5	243.5
Transportation	103.9	105.8	111.1	123.3	138.4	151.2	160.3	170.8	190.2	217.6
Shelter	105.3	111.6	118.9	128.1	140.5	155.8	169.0	180.4	190.3	204.7
Food Away From Home	104.5	112.4	130.1	154.1	172.4	185.2	195.1	212.1	237.7	258.0
Insurance	128.5	155.4	190.2	215.3	271.2	328.7	368.9	390.6	413.4	450.0
Space Rental	105.3	111.6	118.9	128.1	140.5	155.8	169.0	180.4	190.3	204.7

e-estimated figure

Table A-2

Annual Percentage Variation in the Ontario University Non-Salary Price Index Components

Component	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Books	9.9	(3.7)	5.3	13.0	19.5	4.1	19.2	9.5	25.2	4.0[e]
Periodicals	8.3	11.3	23.7	6.9	17.1	9.5	17.8	22.3	11.0	14.5
Equipment	1.4	0.4	5.2	19.2	13.1	4.0	16.5	15.0	11.1	12.5
Computing	1.9	1.4	1.2	3.4	7.9	0.5	9.1	6.2	5.9	19.8
Furniture	5.0	4.7	11.0	14.8	8.5	6.1	4.9	7.0	12.8	10.4
Stationery and Paper	1.1	2.0	20.3	33.8	9.0	3.6	5.0	9.9	17.3	14.1
Printing Materials	1.7	4.5	22.7	23.5	2.3	0.7	4.2	7.2	14.2	10.0
Tools and Apparatus	3.2	2.3	6.8	16.0	10.9	6.5	11.6	10.6	16.7	14.3
Chemicals	1.1	1.8	11.0	30.5	10.0	4.2	6.0	8.7	16.7	15.0
Postage	12.3	7.6	-	-	0.4	19.3	25.3	17.0	19.6	0.2
Long Distance	2.6	4.5	1.9	1.0	3.7	7.4	9.3	5.6	3.5	4.5
Electricity	4.9	6.9	8.0	8.2	9.4	28.3	28.3	5.3	10.4	10.5
Gas	1.5	0.4	4.9	12.4	25.8	22.1	15.6	14.6	5.5	17.9
Oil	11.7	(3.3)	54.4	52.1	10.1	18.5	20.8	14.8	26.8	22.4
Telephone	2.6	4.5	1.9	1.0	3.7	7.4	9.3	5.6	3.5	4.5
Renovations	4.4	5.2	11.9	19.0	5.5	5.6	6.8	11.1	15.1	9.4
Transportation	3.9	1.8	5.0	11.0	12.2	9.2	6.0	6.6	11.4	14.4
Shelter	5.3	6.0	6.5	7.7	9.7	10.9	8.5	6.7	5.5	7.6
Food Away From Home	4.5	7.6	15.7	18.4	11.9	7.4	5.3	8.7	12.1	8.5
Insurance	28.5	20.9	22.4	13.2	26.0	21.2	12.2	5.9	5.8	8.9
Space Rental	5.3	6.0	6.5	7.7	9.7	10.9	8.5	6.7	5.5	7.6

e=estimated figure

Figure A-1

Source and Weighting Pattern of Component Indices

Component	Index Weight	Source
Books	6	Bowker (U.S.) Hardcover Book Price Index converted for Canadian dollar fluctuations
Periodicals	5	Bowker (U.S.) Periodical Price Index, converted for Canadian dollar fluctuations
Equipment	8	U.S. Department of Labor. Monthly Labor Review. Price index for machinery and equipment, converted for Canadian dollar fluctuations
Computing	6	Research Associates of Washington. Higher Education Prices and Price Indexes: 1981 Update. Data processing hardware. Converted for Canadian dollar fluctuations.
Furniture	3	Statistics Canada Industry Selling Price Index - Office Furniture Manufacturers
Stationery & Paper	10	Statistics Canada Industry Selling Price Index - Paper and Allied Products
Printing Materials	9	Statistics Canada Industry Selling Price Index - Fine Papers
Tools & Apparatus	9	Statistics Canada Industry Selling Price Index - Hardware, Tools and Cutlery Manufacturers
Chemicals	5	Statistics Canada Industry Selling Price Index - Chemical & Chemical Products
Postage	2	Statistics Canada Consumer Price Index - Postage
Long Distance	2	Statistics Canada Consumer Price Index - Communications
Electricity	9	Statistics Canada Electric Power Selling Price Index (Non-Residential) consumers over 5,000 kw, Ontario
Gas	5	Statistics Canada Consumer Price Index - Gas
Oil	3	Statistics Canada Industry Selling Price Index - Heavy Fuel Oil, #6
Telephone	3	Statistics Canada Consumer Price Index - Communications
Renovations	2	Statistics Canada Non-Residential Construction Price Index - Materials
Transportation	5	Statistics Canada Consumer Price Index - Transportation
Shelter	2	Statistics Canada Consumer Price Index - Shelter
Food Away From Home	2	Statistics Canada Consumer Price Index - Food Away From Home
Insurance	2	Statistics Canada Consumer Price Index - Home-owner's Insurance Premium
Space Rental	2	Statistics Canada Consumer Price Index - Shelter

Appendix II

Report of the Committee on Enrolment Statistics and Projections

The Committee on Enrolment Statistics and Projections considered a number of factors in preparing its 1981-82 enrolment projections for last year's operating grants brief to OCUA. There was a feeling that the general perception of the university experience in the public mind appeared to have improved. As first year full-time undergraduate enrolment was approaching 1976-77 levels, the year in which university enrolment in Ontario reached its peak, CESP believed that many universities would be reluctant to allow their enrolment to increase beyond these levels. CESP thought that the pipeline effect of increases in recent years would affect upper years full-time graduate enrolments. A continued desire of teachers to improve their credentials would affect part-time undergraduate enrolment. These factors led CESP to project increases of 3% in full-time undergraduate enrolment, 5% in part-time undergraduate enrolment and 2.5% in graduate enrolment for 1981-82. It should be noted that CESP explicitly did not take account in these projections of the potential for major variation in visa student enrolment.

Actual enrolment data for 1981-82 reveal that the enrolment increase in the Ontario universities exceeded the increase projected by CESP. Detailed data on full-time enrolment provided to CESP by the universities and summary data on part-time enrolment obtained from MCU show that full-time undergraduate enrolment increased by 5.2% and full-time graduate enrolment was up by 5.5%. Part-time undergraduate enrolment registered an increase of 5.7% while part-time graduate declined by 2.8%.

Closer examination of the detailed full-time data shows that first-year undergraduate enrolment (excluding education and professional programmes such as law and medicine) increased by 5.5% in 1981-82, an increase of almost 2,200 students. Almost 40% of this increase was accounted for by visa students. New registrants from secondary school grade 13 went up by 6.4% with visa students accounting for 45% of this increase. At the same time, new registrants from all other sources declined by almost 1%. Total first year enrolment in arts and science programmes increased by 3%. The big increase in 1981-82, as had been the case in the previous year, was in commerce and business programmes which recorded an increase of 25%, over 1,200 students. Other large increases were 6% in engineering and almost 14% in physical education.

Following a 3% increase in 1980-81, undergraduate enrolment in upper years (again excluding education and professional programmes) increased 6% in 1981-82, a gain of nearly 4,600 students. Visa students accounted for 36% of this increase. Enrolment in commerce and business increased 13.5%, a gain of almost 1,200 students for the second year in a row. Arts and science enrolment was up over 6% while enrolment in other programmes experienced less than half this increase.

Enrolment in education and professional programmes declined marginally.

At the graduate level, full-time enrolment in masters and first stage doctoral programmes showed an increase of 7.4% in 1981-82, the third consecutive year in which an increase was recorded. At the second stage doctoral level enrolment was up by 3%. New entrants at the doctoral level remained unchanged from the previous year but at the masters level an increase of 7% was experienced. Upper years masters enrolment was up 7.7% and upper years doctoral enrolment increased 4%.

Projections for 1982-83

The Ontario universities have experienced enrolment increases in each of the past three years. A modest increase in 1979-80 has been followed by significant increases in the two succeeding years. However, about 30% and 37% of the increases in full-time undergraduate enrolment in 1980-81 and 1981-82 respectively can be attributed to visa students. It is also significant that the major source of these visa students is Ontario secondary school grade 13. Because of the uncertainty of future policies with respect to visa students, CESP has opted to present a range within which enrolment in 1982-83 may be expected to fall.

(a) Full-time undergraduate enrolment

Based on the indicated intentions of Ontario grade 13 students in November 1981, CESP expects that first year undergraduate enrolment will increase again next year. Demand for places by Canadian applicants should ensure that enrolment in first year programmes (excluding education and professional programmes) will increase by at least 1%, or about 400 students. If, however, the intentions of visa students now in grade 13 are fulfilled, CESP projects that first year undergraduate enrolment could increase by another 1,700 students, making a total increase of nearly 5% over the current year. This level of increase would parallel the increases experienced in the two most recent years.

In considering undergraduate enrolment in upper years (again excluding education and professional programmes), the pipeline effect of the increased admissions in recent years will continue to be significant. As a result, CESP anticipates an increase of some 4600 students, about the same as last year. Enrolment in professional programmes is expected to remain stable in 1982-83 while enrolment in education programmes might decrease slightly.

In summary, CESP projects an increase in full-time undergraduate enrolment in 1982-83 of from 5,100 to 6,700 students, about 4-5% above the 1981-82 level. The lower figure of 5,100 corresponds to a situation where the increase is due entirely to increased demand for places by Canadian applicants. The higher figure represents a continuation of the pattern experienced this year.

(b) Full-time graduate enrolment

In 1981-82, full-time graduate enrolment in Ontario universities increased for the third year in a row. As a result of the increase this year at the masters level, CESP believes that the pipeline effect should yield an enrolment increase in 1982-83 that is comparable to the increase experienced this year. CESP projects that full-time graduate enrolment will increase by 4-6% in 1982-83.

(c) Part-time enrolment

As part-time enrolment, at both the undergraduate and graduate levels, has shown a greater degree of fluctuation in recent years, CESP is less confident of its predictions of future levels of part-time enrolment. Accordingly, in recent years CESP has tended to predict that part-time enrolment would follow the patterns of full-time enrolment. CESP will again follow this practice and project that in 1982-83 part-time undergraduate enrolment will increase by 4-5% and part-time graduate enrolment will increase by 4-6%.

In summary, overall enrolment (all levels both full-time and part-time) in the Ontario universities is projected to increase in 1982-83 by about 4-5%. CESP wishes to remind the Operating Grants Committee that this increase may not be experienced uniformly; enrolment shifts may vary considerably among institutions.